



(/)



Reports (<https://comptroller.nyc.gov/reports/>) /
Audit Report on the Department of Educatio...

Audit & Investigation (/reports/?fwp_type=audit)

Education, Department Of (/reports/?fwp_agency=education-department-of)

Audit Report on the Department of Education's Efforts to Maximize Medicaid Reimbursement Claims for Special Education Services

July 14, 2021 | FK18-111A

Table of Contents

- ▶ [Executive Summary](#)
- ▶ [Audit Findings and Conclusions](#)
- ▶ [Audit Recommendations](#)
- ▶ [Agency Response](#)

Executive Summary

The New York City Department of Education (DOE) is required by the federal Individuals with Disabilities Act (IDEA) to ensure that students with disabilities have available to them a free appropriate public

education that emphasizes special education and related services designed to meet their needs. The IDEA requires DOE to develop, and to review and update at least annually, an Individualized Education Program (IEP) for students with disabilities who require special education services. Students with an IEP can receive special education services through placement in various school settings including: traditional public schools; Charter schools; New York State Education Department (NYSED) approved non-public schools (NYSED-approved schools);^[1] private schools; and home and hospital instruction.

DOE is entitled to submit Medicaid reimbursement claims for covered services provided to Medicaid eligible students with disabilities who are between the ages of 3 and 21. The New York State Department of Health (NYSDOH) and the New York State Department of Education (NYSED) jointly developed the Preschool/School Supportive Health Services Program (SSHSP) to help school districts obtain Medicaid reimbursement. The SSHSP Medicaid-In-Education Medicaid Provider Policy and Billing Handbook (Medicaid Handbook) states that “[i]n order to submit claims to the Medicaid program for SSHSP services, certain documentation requirements must be met” which include, among other things,

- The student’s IEP;
- Written orders or referrals which document the medical necessity for related services;
- Verification of provider credentials such as current licensure;
- Session notes which document diagnostic and/or treatment services provided to students; and
- Parental consent to bill Medicaid.

During our audit scope period of July 1, 2017 through June 30, 2019, DOE used the Special Education Student Information System (SESIS): (1) to record IEP information for all school-age students; and (2) to document the provision of related services for students in traditional public schools, Charter schools, private schools, and home and hospital instruction. DOE used EasyTrac to document the provision of related services in NYSED-approved schools.

The DOE Office of Medicaid Operations (OMO) is responsible for the coordination of programmatic and administrative efforts to maximize Medicaid reimbursement claims for related services

including Physical Therapy (PT), Occupational Therapy (OT), and Speech Therapy. OMO is charged with ensuring that Medicaid reimbursement claims submitted by DOE meet federal and State requirements, and with finding efficiencies to increase claims.

In the City's Comprehensive Annual Financial Report, DOE reported net annual adopted budget and actual Medicaid reimbursement revenue of \$97,000,000 for both Fiscal Year 2018 and Fiscal Year 2019. Currently, the State and City share gross Medicaid reimbursements equally—50 percent each.

Audit Findings and Conclusions

DOE failed in several different ways to make adequate efforts to maximize Medicaid reimbursement claims for special education services. First, DOE did not have adequate controls in place to ensure that student OT, PT, and Speech Therapy service encounters met all of the federal and State Medicaid reimbursement documentation requirements including, among other things, the requirements to:

- Obtain written orders or referrals for services;
- Verify provider credentials;
- Record session notes to document that diagnostic and/or treatment services were provided to students; and
- Obtain parental consent to bill Medicaid.

Consequently, DOE could not submit Medicaid reimbursement claims for those services. For School Year 2018-2019 (i.e., July 1, 2018 through June 30, 2019), we estimate that DOE did not realize gross Medicaid reimbursements totaling as much as \$179,688,706, for OT, PT, and Speech Therapy services.

Additionally, DOE does not, as a matter of policy, submit *any* Medicaid reimbursement claims for the following covered services:

- Evaluations and reevaluations, Psychological Counseling, certain speech services, Special Transportation, and Skilled Nursing provided to public and non-public school students; and
- Covered services provided to pre-school students who attend public schools and private schools (other than NYSED-approved pre-school special education programs operated pursuant to section 4410 of the New York State Education Law), and pre-school students who receive instruction at home.

For School Year 2018-2019, we estimate that DOE did not realize gross Medicaid reimbursements totaling as much as \$9,966,540 for Psychological Counseling, certain Speech Therapy services, and covered services provided to pre-school public and non-public school students.^[2] Since DOE did not maintain evaluation and re-evaluation data, and did not provide us with students' IEP data including service start and end dates, frequency, or duration of recommended services for Special Transportation and Skilled Nursing, we could not independently estimate potential Medicaid reimbursement revenue.

Audit Recommendations

Based on our findings, we made 30 recommendations to DOE, including that DOE should:

- Perform a systematic analysis of those OT, PT, and Speech Therapy service encounters that do not pass the claim validation process to determine why those encounters did not meet Medicaid claiming requirements and to identify and prioritize corrective actions to maximize future Medicaid reimbursement revenues;
- Submit Medicaid reimbursement claims for Psychological Counseling service encounters which meet State and federal requirements;
- Ensure that evaluations are conducted and documented in a way that allows DOE to claim for covered services and submit Medicaid reimbursement claims for those services where appropriate;
- Reconsider the feasibility of submitting Medicaid reimbursement claims for Speech Therapy services provided under the supervision of a licensed provider and provided to students in all public and non-public schools, including but not limited to, running a pilot with adequate staffing levels and compliance with timely and complete session note;
- Ensure that contracted providers maintain electronic transportation logs which include Medicaid required elements for each trip and submit Medicaid reimbursement claims for Special Transportation services where appropriate;
- Immediately start claiming for Skilled Nursing services which meet federal and State requirements; and
- Take all necessary steps to ensure that Medicaid documentation claiming requirements are met for covered services provided to

preschool-age students and submit Medicaid reimbursement claims for those services where appropriate.

Agency Response

In its response, DOE generally did not agree with or did not address the report's findings that it did not successfully claim for OT, PT, and Speech Therapy services and that it does not, as a matter of policy, submit any Medicaid reimbursement claims for

- Covered services provided to pre-school students who attend public schools and private schools other than NYSED-approved preschool special education programs operated pursuant to section 4410 of the New York State Education Law, or pre-school students who receive instruction at home or in the hospital; and
- Evaluations and reevaluations, Psychological Counseling, certain speech services, Special Transportation, and Skilled Nursing provided to public and non-public school students.

DOE stated only that "as the Department continues enhancing procedures and data collection practices, related services that currently may be cost-prohibitive or present challenges in collecting data, can become part of the claiming process in the future."

At various points in its response, DOE stated that the report's methodology was flawed based on its claims that the auditors did not establish reasonable criteria, did not evaluate internal controls, made errors, ignored DOE "guidance," and used "inflated figures and unfounded assumptions to overstate the amount of unclaimed potential revenue." As is discussed in the Discussion of Audit Results and in connection with specific findings, DOE's claims are entirely unfounded and in some instances reflect its contention that the audit should have been limited to addressing only issues that DOE directed the auditors to examine within frameworks that DOE provided. In furtherance of its arguments, DOE attempted to discredit the methodologies used in the audit and misrepresented certain audit findings and recommendations. In one such particularly blatant instance, DOE inaccurately stated that the report "suggests that Medicaid reimbursement should be prioritized over student needs in the development of IEPs." This, like much of what DOE contends about the audit's methodologies, findings, and recommendations, simply is not true, as is discussed in more detail below.

With regard to 17 of the report's 30 recommendations, DOE stated that they "describe an existing Department process." With regard to the remaining 13 recommendations, DOE stated that "the Comptroller offers no suggestion for improving specific processes beyond vague suggestions that the Department should hold schools and providers 'fully accountable' and ensure documentation for 'all students.' The lack of specificity makes it impossible for the Department to properly consider such recommendation[s]." Nevertheless, DOE agreed with 25 of the report's 30 recommendations. DOE disagreed with the remaining five recommendations including that DOE should: (1) review the NYSED Office of the Professions license data and inform NYSED Office of the Professions about data integrity issues; (2) determine whether it is feasible to employ system edits in SESIS to ensure that providers certify session notes; (3) review uncertified session notes and follow-up with those providers; (4) ensure that staff include Psychological Counseling on IEPs when determined to be clinically appropriate; and (5) reconsider the feasibility of submitting Medicaid reimbursement claims for Speech Therapy services provided under the supervision of a licensed provider and provided to students in all public and non-public schools.

As noted, each of DOE's assertions regarding the report's methodology, findings, and recommendations is patently untrue and unfounded. These issues are detailed in the Discussion of Audit Results and Findings and Recommendations sections of this report.

[1] NYSED approves special education programs operated pursuant to sections 853, 4201, and 4410 of the New York State Education Law. Section 853 and 4410 schools are operated by private agencies and provide day and/or residential programs for school-age and preschool-age students with disabilities, respectively. Section 4201 schools provide educational services to school-age students with disabilities including deafness, blindness, severe emotional disturbance, or severe physical disabilities.

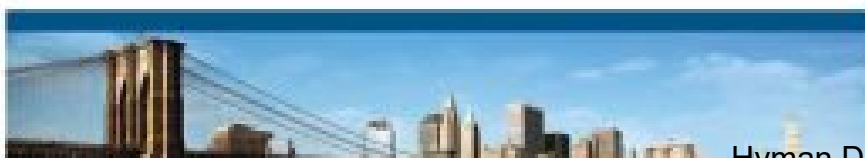
[2] The gross Medicaid reimbursements totaling \$9,966,540 include \$2,831,539 for Psychological Counseling, \$1,481,373 for certain Speech Therapy services, and \$5,653,628 for covered services provided to pre-school public and non-public school students. The \$1,481,373 for certain Speech Therapy services is also included in the gross Medicaid reimbursements totaling \$179,688,706.

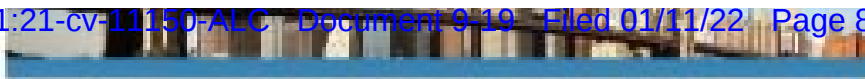


City of New York

OFFICE OF THE COMPTROLLER

Scott M. Stringer
COMPTROLLER





FINANCIAL AUDIT

Marjorie Landa

Deputy Comptroller for Audit

Audit Report on the Department of
Education's Efforts to Maximize
Medicaid Reimbursement Claims for
Special Education Services

FK18-111A

July 14, 2021

<http://comptroller.nyc.gov>

[Audit Report on the Department of Education's Efforts to Maximize Medicaid Reimbursement Claims for Special Education Services \(https://comptroller.nyc.gov/wp-content/uploads/documents/FK18_111A.pdf\)](https://comptroller.nyc.gov/wp-content/uploads/documents/FK18_111A.pdf)


The Office


One Centre Street
New York, NY 10007
(212) 669-3916

Suspect Wasteful Spending?

Call (212) NO-WASTE

Follow Us

 @NYCComptroller
(<https://twitter.com/NYCComptroller>)

 @ComptrollerNYC
(<https://www.facebook.com/ComptrollerNYC>)

 NYCComptroller
(<https://www.instagram.com/NYCComptroller>)


Navigate

[About \(/about/\)](#)
[Services \(/services/\)](#)
[Reports \(/reports/\)](#)
[Newsroom \(/newsroom/\)](#)
[Employment \(/jobs/\)](#)
[Contact Us \(/about/contact-our-office/\)](#)

Join Mailing List

Get the latest news in your inbox.

[Sign Up](#)

 NYCComptroller
([https://www.youtube.com/c/nyc
comptroller](https://www.youtube.com/c/nyc-comptroller))

© 2022 Copyright, Office of the New York City Comptroller [Sitemap \(/sitemap/\)](#) [Disclaimer \(/disclaimer/\)](#)
[Privacy Policy \(/privacy-policy/\)](#) [Language Disclaimer \(/language-disclaimer/\)](#) [Text Size](#)